

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, FEBRUARY 2, 2005

10:04 A.M.

Reported by:
Peter Petty
Contract No. 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

William J. Keese, Chairman

Arthur Rosenfeld

John L. Geesman

Jackalyne Pfannenstiel

STAFF and CONSULTANTS PRESENT

Robert Therkelsen, Executive Director

William Chamberlain, Chief Counsel

Song Her, Acting Secretariat

Fernando DeLeon

Kevin Kennedy

Scott Tomashefsky

Mark Rawson

Rasa Keanini

Jamie Patterson

Virgil Rose, Consultant
Power System Consulting

PUBLIC ADVISER

Margret Kim

ALSO PRESENT

Lisa G. Urick, Managing Attorney
San Diego Gas and Electric Company

John A. McKinsey, Attorney
Stoel Rives, LLP
on behalf of El Segundo Power II, LLC
Redevelopment Project

ALSO PRESENT

David Palmer, Staff Attorney
Santa Monica Baykeepers
on behalf of Intervenor
(via teleconference)

Bob Perkins
(via teleconference)

Issa Ajlouny
(via teleconference)

Steve Nelson
(via teleconference)

Bill Eisen
(via teleconference)

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1 CHAIRMAN KEESE: You're suggesting we
2 put it over for two weeks?

3 MR. KENNEDY: Essentially it would be a
4 new item, since this item was specifically aimed
5 at the retail price filings. And so the next item
6 would be very similar.

7 CHAIRMAN KEESE: Two weeks? Four weeks?
8 What --

9 MR. KENNEDY: Two weeks.

10 CHAIRMAN KEESE: Two weeks.

11 MR. KENNEDY: Yeah.

12 CHAIRMAN KEESE: Thank you. The
13 Executive Director will take that under
14 consideration. Thank you for your report.

15 Item 5, Distributed Generation
16 Interconnection Rules. Possible approval of an
17 Integrated Energy Policy Report Committee report
18 recommending changes to interconnection rules
19 contained in rule 21 utility tariffs. Mr.
20 Tomashefsky.

21 MR. TOMASHEFSKY: Good morning,
22 Commissioners. For the record, I'm Scott
23 Tomashefsky. I've had the pleasure, and still
24 have the pleasure of serving as Chairman Keese's
25 Advisor. And as all of us do, we wish you much

1 success in whatever endeavors you choose to take.

2 I'm sitting here with Mark Rawson, who
3 is with the PIER ESI program. And we are pleased
4 to bring before you an IEPR Committee
5 recommendation with recommended changes to
6 interconnection rules.

7 As general background, we have been
8 collaborating with the CPUC on DG issues since
9 late 1998. And in 2000 we actually brought two
10 documents that had changes to interconnection
11 rules, which in essence were adopted here,
12 transferred to the PUC, ultimately adopted there
13 and became the rule 21 tariffs that are now
14 contained in the utility tariff booklets for PG&E,
15 Edison and San Diego Gas and Electric.

16 We've also had the pleasure of
17 overseeing the rule 21 working group which has
18 been technical advisers to much of what you see in
19 the report. And we all work quite closely with
20 the PUC on some of these matters.

21 There were several outstanding DG issues
22 that were left on the table when the proceedings
23 were done in 1999. In the spring of 2004 we
24 started a series of proceedings both here and at
25 the PUC, which is really the genesis for the

1 report before you, which is based on an August
2 scoping order.

3 This document has been certainly part of
4 the public process. We've had a release of a
5 working group report which is based on several
6 working group meetings that were held in September
7 and in August. There were comments on the report.
8 A hearing was held in early December by the IEPR
9 Committee, with the recommendations you see before
10 you released on the 6th of January.

11 What we have had are comments filed by
12 five parties, Edison, PG&E, the Cogen Association,
13 EPUC, the City of San Diego and Blue Point Energy.
14 Of the group of comments that were submitted.

15 I would probably characterize the most
16 aggressive comments and critique probably filed by
17 Edison, although in discussing the issue with some
18 of the representatives, their comments that are
19 more critical are more policy-laden questions.
20 Such as how do we deal with net metering policy in
21 the future. Not just looking at the
22 interconnection issues of the item.

23 And that also goes with respect to
24 metering issues in general, in dealing with how to
25 account for revenues with non-bypassable

1 surcharges and all those type of things.

2 So there's some issues that go beyond
3 the scope of what we are looking to accomplish
4 here, but Edison specifically has used them more
5 for placeholders to make sure that the issue keeps
6 in the public process and should be addressed at a
7 later date.

8 In terms of the recommendations, there's
9 five areas that we've grouped here in the report.
10 A couple of them deal with requiring additional
11 technical work from the rule 21 group. There's
12 issues that, in essence, haven't been fully baked,
13 but are necessary for moving forward with
14 standardized interconnection rules.

15 Just as an example, we have
16 interconnection rules that deal with radial
17 systems, so when electrons travel from point A to
18 point B, it's the protection requirements
19 associated with that. Now, we're looking at
20 developing spot network interconnection rules.

21 And where we don't necessarily know
22 where the electrons are going quite so much,
23 there's a lot more complexity associated with
24 those type of things.

25 Another technical area really looks at

1 the issue of how you deal with projects that have
2 two generating components or more, some that are
3 net metered and some that are not net metered.
4 And a lot of the problems that we have come across
5 here in the debates we've had over the past few
6 years have not been really dealing with the
7 technical aspects of the interconnection, but more
8 the metering aspects of the interconnection. They
9 just seem to be commingled quite frequently.

10 The other three areas, just briefly, are
11 recommendations that deal with the dispute
12 resolution process, trying to tighten up some of
13 the language associated with that. And there's
14 some other nuances, as well.

15 We had revisited the interconnection fee
16 structure that was set up. And the Committee had
17 recommended that we didn't need to change those
18 fee structures at this time, but suggested that a
19 tracking system be developed so that if we want to
20 pose the question a couple years out, we'll have
21 an opportunity to do that in the future.

22 And finally, we dealt with an issue of
23 revenue. The net gen output meter, which is in
24 essence what's used to try and determine what the
25 utilities should bill the customer when you take

1 into consideration net meter technologies and the
2 like. It was very controversial. And the
3 conclusions that the Committee reached led to the
4 conclusion that estimation, as opposed to actual
5 billing, was appropriate. And also that if there
6 was a desire to have a nonutility meter available
7 as part of that interconnection, that it would
8 just need to meet just general standards that are
9 set up similar to the direct access rule 22
10 approach.

11 So, that's in essence what's in there.
12 In terms of if we do get a positive approval on
13 this particular item, what would happen next is
14 that the document, itself, would be cleaned up to
15 reflect changes from IEPR Committee to Commission
16 recommendations.

17 The document and the comments that were
18 submitted on January 6th would then be submitted
19 to the CPUC within the next two weeks under
20 Executive Director's signature.

21 The CPUC would then develop that report
22 into its proposed decision, as it's the
23 jurisdictional entity here. And we suspect they
24 would offer parties an opportunity to comment on
25 some of the cost allocation implications of some

1 of the recommendations that we've put in this
2 report.

3 And then the approval would then shift
4 to implementation activities for the rule 21
5 working group to develop advice letters.

6 Just as a final note, I do appreciate
7 the stakeholder involvement we've had. You'll see
8 a lot of the names and affiliations in the report.
9 And I also want to thank not only our own
10 Commission, but PIER management for really
11 providing the funding support for our technical
12 support in this project this time, and really over
13 the past six years. None of this would be
14 possible without their efforts.

15 So, I offer up the report.

16 CHAIRMAN KEESE: Thank you.
17 Commissioner Geesman.

18 COMMISSIONER GEESMAN: Well, I think
19 that we also owe a real vote of thanks to Scott
20 for heading this effort up, because it is
21 immensely complex. And as you well know, Mr.
22 Chairman, very time-consuming for him.

23 We've benefitted --

24 CHAIRMAN KEESE: I know that well.

25 COMMISSIONER GEESMAN: We've benefitted

1 from a very productive stakeholder process. And I
2 think that a number of these issues are not going
3 to go away and do require substantial further
4 effort on the part of the rule 21 working group.

5 So we will be bringing these items or
6 related items back in front of the full Commission
7 in the months ahead. But it's now time to send
8 our recommendations down to the PUC and allow them
9 to address them, as well.

10 I would move the recommendation.

11 CHAIRMAN KEESE: Motion, Geesman.

12 COMMISSIONER ROSENFELD: Second.

13 CHAIRMAN KEESE: Second, Rosenfeld. Any
14 further comments?

15 All in favor?

16 (Ayes.)

17 CHAIRMAN KEESE: Opposed? Adopted four
18 to nothing. Congratulations.

19 MR. TOMASHEFSKY: Thank you.

20 CHAIRMAN KEESE: Six years work. Mr.
21 Rawson, also.

22 Item 6, Knowledge Structures, Inc.
23 Consideration to amend existing California
24 multiple awards schedule adding \$249,250 and
25 extend the contract from August 31, 2005 to